

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Financial Statements - June 30, 2006 and 2005

(With Auditors' Report Thereon)

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-6
Basic Financial Statements	
Statement of Net Assets	7
Statement of Revenues, Expenses, and Changes in Net Assets	8
Statement of Cash Flows	9
Notes to Financial Statements	10-14
Supplemental Information	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15
Independent Auditors' Legal Compliance Report	16



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Independent Auditors' Report

North View Fire Agency
Formerly North View Fire Department
(A Component Unit of North Ogden City)

We have audited the accompanying statement of net assets of North View Fire Agency formerly North View Fire Department (A Component Unit of North Ogden City) as of June 30, 2006 and 2005, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North View Fire Agency at June 30, 2006 and 2005, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 22, 2006 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Crane, Christensen & Ambrose PC

November 22, 2006

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NORTH VIEW FIRE AGENCY
Management's Discussion and Analysis
for fiscal year ending June 30, 2006

Introduction

The discussion and analysis of North View Fire Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ending June 30, 2006 and the related comparative financial activities for the fiscal year ending June 30 2005. This report is a part of the Agency's Annual Report.

The purpose of the Agency is to provide fire protection, emergency medical services, and other related services to Harrisville City, North Ogden City, and Pleasant View City. Formerly an internal service fund of North Ogden City, the Agency was established in September 2003 as a separate local entity. The funding and operation of the agency remains the same under the new agreement between the Agency and the three cities. The Agency is overseen by the Governing Board which consists of the mayors from each city or their appointed representatives. Service and revenue bond charges to the cities is the major source of funding for the Agency. These charges are budgeted by the agency and then approved by the Agency's Governing Board and each of the three city councils.

Using the Annual Report

This annual report consists of a series of financial statements as follows:

- **The Statement of Net Assets** presents information on all the Agency's assets and liabilities, with the difference between the two reported as net assets.
- **The Statement of Revenue, Expenses, and Changes in Net Assets** presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported on an accrual basis, that is, the event is recorded in the accounting records when the underlying event takes place regardless of the timing of the related cash flows.
- **The Statement of Cash Flows** presents the financial activities of the Agency on a cash-received and cash paid basis. This statement also reconciles the change in cash accounts for the Agency from the prior year to the current year.
- **Notes to the Financial Statements** provide additional details underlying the data provided in the Financial Statements.

Financial Highlights

The Statement of Net Assets outlines the assets, liabilities and net assets of the agency. Table 1 contains a Statement of Net Assets that shows current year numbers as a percentage of Total Assets as well as the dollar increase or decrease for each financial statement item and related percent change in relation to the prior year, June 30, 2005.

Table 1: Comparative/Percentage Summary Statement of Net Assets

	June 30 2006	June 30 2006 % of Total Assets	Increase (Decrease) from Prior Year	% Change from Prior Year	June 30 2005
Current Assets:					
Cash and investments	938,509	28.51%	(338,022)	-26.48%	1,276,531
Ambulance fee receivable (net)	75,667	2.30%	28,107	59.10%	47,560
Due from other Governments	-	0.00%	(9,598)	-100.00%	9,598
Grants Receivable	29,967	0.91%	18,976	172.65%	10,991
Total Current Assets	1,044,143	31.72%	(300,537)	-22.35%	1,344,680
Restricted assets:					
Cash with fiscal agent	121,495	3.69%	122	0.10%	121,373
Total Current Assets and Restricted Assets	1,165,638	35.41%	(300,415)	-20.49%	1,466,053
Non-current assets:					
Deferred bond charges (net)	27,863	0.85%	(2,787)	-9.09%	30,650
Total capital assets	2,098,595	63.75%	78,218	3.87%	2,020,377
Total non-current assets	2,126,458	64.59%	75,431	3.68%	2,051,027
Total assets	3,292,096	100.00%	(224,984)	-6.40%	3,517,080
Total current liabilities	126,309	3.84%	(197,930)	-61.04%	324,239
Total non-current liabilities	1,055,000	32.05%	(72,000)	-6.39%	1,127,000
Total liabilities	1,181,309	35.88%	(269,930)	-18.60%	1,451,239
Net assets:					
Capital assets net of related debt	971,595	29.51%	147,218	17.86%	824,377
Unrestricted	1,139,192	34.60%	(102,272)	-8.24%	1,241,464
Total net assets	2,110,787	64.12%	44,946	2.18%	2,065,841

The total assets of \$3,292,096 includes unrestricted current assets of \$1,044,143 (cash investments, and receivables), restricted assets of \$121,495 set aside for the bond fund., and non-current assets in the amount of \$2,126,458, the majority of which is capital assets. As a percentage of total assets, current assets make up 31.72%, restricted assets make up 3.69%, and non-current assets represent the other 64.59%.

Although ambulance fee receivables is a small portion of total assets (2.3%), its increase of \$28,107 (59.10%) over last year should be noted. Billings for ambulance service have

increased by about \$102,000 from the prior year. However, net cash collected by the ambulance service bureau was about \$43,000 less than the prior year. Medicare adjustments were up about \$22,000 from the prior year, which explains about half of the reduction in net cash collections. Collections are not keeping pace with the increased billings. Although the number of ambulance runs has increased and the charge for each call has increased, billings are slower to be collected. Slower collections and higher billings results in higher net accounts receivable and could lead to increased writeoffs in the future.

The current year total assets decreased by \$224,984 or 6.40% less than last year. Current assets decreased \$300,537 or 22.35% less than the prior year. This decrease is mostly due a decrease of \$338,022 in cash and investments. The decrease in cash and investments includes \$200,000 that the Agency paid back to North Ogden City. North Ogden City had overpaid the agency in the transfer of cash and investments related to the Agency becoming a separate entity from North Ogden City. The agency also purchased two new vehicles during fiscal year 2006, a brush truck and an ambulance totaling about \$170,000, that reduced the cash reserves significantly. Because the budget approved by the cities has not fully funded the fixed asset depreciation fund this year or in several of the past years, the Agency has been trying to build up cash reserves in preparation for these vehicle purchases and other fixed asset purchases to be made in the future. Non-current assets increased by \$75,431 representing an increase of 3.68% change from last year. The increase in non-current assets is primarily due to the purchase of the two new vehicles less accumulated depreciation increasing the net capital assets by \$78,218. The Agency also purchased about \$12,000 in equipment that was placed on the new ladder truck that was purchased soon after year end. The purchase of the ladder truck and its additional equipment for approximately \$370,000 will be part of next year's financial information.

The only liabilities other than the bonds payable (\$1,127,000--the current portion is \$72,000 and the non-current portion is \$1,055,000) are compensated absences for the firefighters (\$50,927) and accounts payable (\$3,382), for a total liability amount of \$1,181,309. Current liabilities (\$126,309) represent 10.69% of total liabilities while non-current liabilities (\$1,055,000) are 89.31% of total liabilities.

In relation to the prior year, current liabilities decreased \$197,000 (61.04%), mostly due to the amount owed to North Ogden City at the beginning of the year and paid early in the current fiscal year. Non-current liabilities decreased by \$72,000 (6.39%) from the prior year. This decrease is mostly due from the payment of principle (\$69,000) to the bonds payable. Overall liabilities decreased by \$269,930 or 18.60%.

The current ratio (Current Assets and Restricted assets [\$1,165,638]/Current liabilities[\$126,309]) is 9.23. This ratio shows that the agency has plenty of liquid assets to pay the current liabilities including the current portion of the bond payable. The restricted assets amount of \$121,495 is set aside as the bond cash reserve to pay the principle and interest amount that is due within the next year.

Total net assets of \$2,110,787 (\$971,595 is capital assets net of related debt and the remainder \$1,139,192 represents unrestricted net assets) is an increase of \$44,946 (2.18%) from the prior year.

The Statement of Revenues, Expenses and Change in Net Assets outlines the Revenues and Expenses during the year and how these revenues and expenses combine to change the overall Net Assets. Table 2 contains a Statement of Net Assets that shows current year numbers as a percentage of the respective statement categories as well as the dollar increase or decrease for each financial statement item and related percent change in relation to the prior year, June 30, 2005.

Table 2: Comparative/Percentage Summary Statement of Revenue, Expenses and Net Assets

	June 30 2006	June 30 2006 % of Category	Increase (Decrease) from Prior Year	% Change from Prior Year	Prior Year June 30 2005
Operating revenues:					
Charges to cities for services	974,475	82.88%	(2,827)	-0.29%	977,302
Ambulance fees	199,288	16.95%	(8,061)	-3.89%	207,349
Other revenues	2,056	0.17%	1,267	160.58%	789
Total operating revenues	1,175,819	100.00%	(9,621)	-0.81%	1,185,440
Operating Expenses:					
Personnel services	821,837	70.07%	15,230	1.89%	806,607
Materials, supplies, and services	189,640	16.17%	16,455	9.50%	173,185
Depreciation	161,381	13.76%	12,374	8.30%	149,007
Total operating expenses	1,172,858	100.00%	44,059	3.90%	1,128,799
Operating Income	2,961		(53,680)	-94.77%	56,641
Total non-operating revenues (expenses)	41,985	100.00%	52,839	-486.82%	(10,854)
Income before capital contributions	44,946		(841)	-1.84%	45,787
Other Contributed Capital from Cities					
Change in net assets	44,946		(841)	-1.84%	45,787
Net assets at beginning of year	2,065,841		45,787	2.27%	2,020,054
Net assets at end of year	2,110,787		44,946	2.18%	2,065,841

The Agency realizes nearly all its operating revenue from two sources: charges for services to the three cities and ambulance fees. Other revenues are nominal. Total Operating revenue is \$1,175,819 almost the same as the prior year, down 0.81%. Charges for services to the cities in the amount of \$974,475 are a 0.29% decrease from the prior year and comprise 82.88% of the current year total operating revenue. Ambulance fees in the amount of \$199,388 are a 3.89% decrease from the prior year and comprise 16.95% of the current year total operating revenue.

Total operating expenses total \$1,172,858 and represent a 3.9% increase from the prior year. Although operating expenses did go up, the increase was very small. The largest expense is personnel services making up \$821,837 or 70.07% of the total operating expenses. Personnel expense increased only 1.89% from the prior year. Materials and supplies in the amount of \$189,640 represent 16.17% of the expenses and increased 9.50% from the prior year. Much of that increase was due to higher utility costs and higher fuel costs for the vehicles. Depreciation of the physical assets makes up the remaining \$161,381 or 13.76% of the total operating expenses. Depreciation increased \$12,374 (8.30%) from prior year due to additional fixed assets purchased in the current year.

During fiscal year 2006 there were no significant variations between the actual revenues and expenditures and the budgeted revenues and expenditures as a whole and approved by the Governing Board and each of the city councils. The actual depreciation expense was about \$88,000 more than the budgeted depreciation amount approved by the board and the cities. The board and the city councils were aware when the budget was approved that the actual depreciation for the current year would be more than the budgeted amount. In accounting terms, depreciation is not an expenditure, but an allocation of the cost of fixed assets over the useful life of the assets being used by the Agency. The Agency uses the actual depreciation amount as a gauge as to how much cash reserves may be needed to replace fixed assets as they wear out. The financial position of the agency has not significantly changed from the prior year as the agreement for services and funding between the agency and cities has remained fundamentally the same as when the agency was a component department of North Ogden City.

Requests for Information

This financial report is designed to provide citizens of Harrisville City, North Ogden City, and Pleasant View City with a general overview of the Agency's finances and to show accountability for the funding it receives. Questions concerning any of the information in this report should be addressed to:

Lynn S. Froerer, Chief
North View Fire Agency
315 E 2550 North
North Ogden, UT 84414

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Statement of Net Assets

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and investments	\$ 938,509	1,276,531
Ambulance fees receivable (net)	75,667	47,560
Due from other governments	-	9,598
Grants receivable	<u>29,967</u>	<u>10,991</u>
Total current assets	<u>1,044,143</u>	<u>1,344,680</u>
Restricted assets:		
Cash with fiscal agent	121,495	121,373
Non-current assets:		
Deferred bond charges (net)	27,863	30,650
Capital assets:		
Land	91,250	91,250
Buildings and improvements	1,590,008	1,590,008
Equipment	1,351,972	1,125,221
Accumulated depreciation	<u>(934,635)</u>	<u>(786,102)</u>
Total capital assets, net of accumulated depreciation	<u>2,098,595</u>	<u>2,020,377</u>
Total non-current assets	<u>2,126,458</u>	<u>2,051,027</u>
Total assets	<u>3,292,096</u>	<u>3,517,080</u>
Current liabilities:		
Accounts and accrued expenses payable	3,382	5,432
Compensated absences payable	50,927	49,807
Current portion of bond payable	72,000	69,000
Due to other governments	-	200,000
Total current liabilities	<u>126,309</u>	<u>324,239</u>
Non-current liabilities:		
Bond payable	1,127,000	1,196,000
Bond payable - current portion	<u>(72,000)</u>	<u>(69,000)</u>
Total non-current liabilities	<u>1,055,000</u>	<u>1,127,000</u>
Total liabilities	<u>1,181,309</u>	<u>1,451,239</u>
Net assets:		
Invested in capital assets, net of related debt	971,595	824,377
Unrestricted	<u>1,139,192</u>	<u>1,241,464</u>
Total net assets	<u>\$ 2,110,787</u>	<u>2,065,841</u>

See independent auditors' report and notes to financial statements.

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Statement of Revenues, Expenses, and Changes in Net Assets

Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges to cities for services	\$ 974,475	977,302
Ambulance fees	199,288	207,349
Other revenues	<u>2,056</u>	<u>789</u>
Total operating revenues	<u>1,175,819</u>	<u>1,185,440</u>
Operating expenses:		
Personnel services	821,837	806,607
Materials, supplies and services	189,640	173,185
Depreciation and amortization	<u>161,381</u>	<u>149,007</u>
Total operating expenses	<u>1,172,858</u>	<u>1,128,799</u>
Operating income	<u>2,961</u>	<u>56,641</u>
Non-operating revenues (expenses):		
Grants received	50,676	16,817
Interest income	43,971	24,384
Sale of assets	2,007	2,557
Donations	561	625
Interest expense	<u>(55,230)</u>	<u>(55,237)</u>
Total non-operating revenues (expenses)	<u>41,985</u>	<u>(10,854)</u>
Income before capital contributions	44,946	45,787
Capital contributed by cities due to bond assumption and asset transfer	<u>-</u>	<u>-</u>
Change in net assets	44,946	45,787
Net assets at beginning of year	<u>2,065,841</u>	<u>2,020,054</u>
Net assets at end of year	<u>\$ 2,110,787</u>	<u>2,065,841</u>

See independent auditors' report and notes to financial statements.

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Statement of Cash Flows

Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u> <u>Restated</u>
Cash flows from operating activities:		
Cash received from cities	\$ 984,073	974,454
Cash received from ambulance users	171,181	209,989
Other operating cash receipts	2,056	789
Cash payments to and for employees	(822,921)	(790,692)
Cash payments to suppliers for material and services	<u>(189,252)</u>	<u>(173,185)</u>
Net cash provided by operating activities	<u>145,137</u>	<u>221,355</u>
Cash flows from non-capital financing activities:		
Donations received	561	625
Operating advance received	-	200,000
Payment of operating advance	<u>(200,000)</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>(199,439)</u>	<u>200,625</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(252,306)	(69,147)
Grants received	31,700	18,677
Proceeds from sale of assets	17,500	20,500
Interest on bonds	(45,631)	(50,906)
Other interest	(4,888)	-
Bond payments	(69,000)	(67,000)
Net deposits to restricted cash	<u>(122)</u>	<u>(515)</u>
Net cash used by capital and related financing activities	<u>(322,747)</u>	<u>(148,391)</u>
Cash flows from investing activities:		
Interest on cash and investments	<u>39,027</u>	<u>24,384</u>
Net cash provided by investing activities	<u>39,027</u>	<u>24,384</u>
Net change in cash and cash investments	(338,022)	297,973
Cash and cash investments at beginning of year	<u>1,276,531</u>	<u>978,558</u>
Cash and cash investments at end of year	<u>\$ 938,509</u>	<u>1,276,531</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 2,961	56,641
Add depreciation expense and amortization	161,381	149,007
Changes in current assets and current liabilities:		
Decrease (increase) in current assets:		
Due from cities	9,598	(2,848)
Ambulance fees receivable	(28,107)	2,640
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(1,816)	1,101
Compensated absences payable	<u>1,120</u>	<u>14,814</u>
Net cash flows from operating activities	<u>\$ 145,137</u>	<u>221,355</u>
Non-cash investing, capital and financing activities:		
Land sale on account to North Ogden City	\$ -	6,750

See independent auditors' report and notes to financial statements.

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Notes to Financial Statements

June 30, 2006 and 2005

(1) Organization and Summary of Significant Accounting Policies

A. Nature of Operations

North View Fire Agency was established September 23, 2003 as a separate inter-local entity to provide fire protection, emergency medical services, and other related services to the Cities of North Ogden, Pleasant View and Harrisville, Utah. Prior to becoming a separate entity, these services were provided by North View Fire Department an internal service fund of North Ogden City. The funding and operation of the activity is substantially the same under the new agreement, therefore, the financial statements reflect operation of the activity for the twelve month period as if the Agency were established July 1, 2003.

B. Financial Reporting Model

The Agency has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

C. Accounting Policies

Fund Accounting - The accounts of the Agency are organized as one proprietary fund type specifically as an enterprise fund. Proprietary funds account for the flow of economic resources and use the accrual basis for accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Agency applied all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Enterprise funds account for operations that are financed and operated in a manner similar to private business or where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Reporting Entity - In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of the ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application for this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Agency has no component units. The Agency has been determined to be a component unit of North Ogden City. The City is considered to be the primary government for the Agency because the City provides substantial economic support.

Deposits and Investments - The Agency's cash and cash equivalents are considered to be cash on hand and demand deposits. Investments are stated at cost.

Property and equipment - Property and equipment is carried at cost in the enterprise funds. Depreciation is computed by use of the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	50
Machinery and equipment	3-10
Trucks	4-20

Bond issue costs - Amortization of bond issue costs is computed on the straight-line method over the term of the related revenue bonds.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Notes to Financial Statements - Continued

June 30, 2006 and 2005

(1) Organization and Summary of Significant Accounting Policies - Continued

D. Basis of Accounting

The Agency is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred. The Agency applies only the applicable FASB pronouncements issued on or before November 30, 1989.

(2) Deposits and Investments

Deposits and investments for North View Fire Agency are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the Agency's exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be recovered. The Agency's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of Agency funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The Agency's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The Agency's deposits at June 30, 2006 were \$84,130, of which \$0 was uninsured and uncollateralized.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The Agency's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The Agency is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the Agency's investments at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ <u>854,279</u>	55 days*	not rated

*Weighted-average maturity

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Agency manages its exposure to declines in fair value by investing solely in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Notes to Financial Statements - Continued

June 30, 2006 and 2005

(2) Deposits and Investments - Continued

the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the Agency's investments are noted in the previous table.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Agency's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

(3) Assets Held by Trustee

The balance of assets held by the fiscal agent in each fund (more fully described in note 5) at June 30, 2006 and 2005 was as follows:

	<u>2006</u>	<u>2005</u>
Bond sinking fund	\$ <u>121,495</u>	<u>121,373</u>

The assets held by the fiscal agent consisted of the following at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Utah Public Treasurer's Investment Fund	\$ <u>121,495</u>	<u>121,373</u>

(4) Property and Equipment

Changes in property and equipment for the year ended June 30, 2006 are as follows:

	Balance June 30, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2006</u>
Assets not being depreciated:				
Land	\$ <u>91,250</u>	-	-	<u>91,250</u>
Total	<u>91,250</u>	-	-	<u>91,250</u>
Assets being depreciated:				
Buildings	1,590,008	-	-	1,590,008
Equipment	<u>1,125,221</u>	<u>252,306</u>	<u>25,555</u>	<u>1,351,972</u>
Total	<u>2,715,229</u>	<u>252,306</u>	<u>25,555</u>	<u>2,941,980</u>
Less accumulated depreciation:				
Buildings	63,609	31,800	-	95,409
Equipment	<u>722,493</u>	<u>126,795</u>	<u>10,062</u>	<u>839,226</u>
Total	<u>786,102</u>	<u>158,595</u>	<u>10,062</u>	<u>934,635</u>
Property and equipment being depreciated (net)	<u>1,929,127</u>	<u>93,711</u>	<u>15,493</u>	<u>2,007,345</u>
Total property and equipment (net)	<u>\$ 2,020,377</u>	<u>93,711</u>	<u>15,493</u>	<u>2,098,595</u>

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Notes to Financial Statements - Continued

June 30, 2006 and 2005

(5) Long-Term Debt

The Agency has \$1,127,000 in lease revenue bonds outstanding, with average interest rates ranging from 3.75% to 4.70%. Repayment will be due in years 2006 through 2016 and will be financed from additional payment by the Cities in the inter-local agreement.

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Lease revenue bonds	\$ <u>1,196,000</u>	<u>-</u>	<u>69,000</u>	<u>1,127,000</u>

The debt maturities are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2007	\$ 72,000	47,648	119,648
2008	76,000	44,464	120,464
2009	79,000	41,034	120,034
2010	83,000	37,368	120,368
2011	87,000	33,458	120,458
2012	91,000	29,296	120,296
2016	<u>639,000*</u>	<u>80,091*</u>	<u>719,091*</u>
	<u>\$ 1,127,000</u>	<u>313,359</u>	<u>1,440,359</u>

*Bonds maturing in 2016 totaling \$639,000 have an interest rate adjustable to an index in January of 2006 and 2011. The total of the bonds refinanced the prior bonds issued by North Ogden City-MBA and are used to finance the Fire Agency building completed in 2003.

(6) Retirement Plans

Plan Description

North View Fire Agency contributes to the Utah Firefighters' Retirement System, all cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Non-contributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

Funding Policy

The Agency contributes 8.610% to the Firefighters' System based on covered wages. The contribution rate is actuarially determined. The contribution requirements of the System is authorized by statute and specified by the Board.

NORTH VIEW FIRE AGENCY
Formerly North View Fire Department
(A Component Unit of North Ogden City)

Notes to Financial Statements - Continued

June 30, 2006 and 2005

(6) Retirement Plans - Continued

The Agency's contributions to the Utah Firefighters' Retirement System for June 30, 2006, 2005 and 2004 were as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>	
Agency	\$ 24,187	22,596	8,451	Employer paid for employee contributions.
North Ogden City	-	-	13,598	Employer paid for employee contributions.
	<u>\$ 24,187</u>	<u>22,596</u>	<u>22,049</u>	

The above contributions were equal to the required contributions for each year.

(7) Related Party Transactions

The Agency received revenues from the cities of Harrisville, North Ogden, and Pleasant View whose mayors are on the Board of the Agency. These revenues for the year ended June 30, 2006 totaled \$974,475 and for the year ended June 30, 2005 totaled \$977,302. The Agency had receivables from these parties as of June 30, 2006 and 2005 totaling \$0 and \$9,598 respectively.

(8) Cash and Temporary Cash Investment

On the statement of cash flows, cash and temporary cash investments includes the following balance sheet amounts:

	<u>2006</u>	<u>2005</u>
Cash	\$ 84,230	418,980
Temporary cash investments (PTIF)	<u>854,279</u>	<u>857,551</u>
	<u>\$ 938,509</u>	<u>1,276,531</u>

(9) Risk Management

North View Fire Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. Deductibles on claims are paid for when experiencing the damage or loss.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2006, there were no outstanding claims or judgements against the Agency. Settlements did not exceed insurance coverage for the past year.

(10) Restatement

The 2005 Statement of Cash Flows was restated to show the \$200,000 operating advance from North Ogden City as a cash flow from noncapital financing activities and not from operating activities. The restatement had no change on the Statement of Net Assets or Statement of Revenues, Expenses, and Changes in Fund Balance.

Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

North View Fire Agency
Formerly North View Fire Department
(A Component Unit of North Ogden City)

We have audited the financial statements of North View Fire Agency formerly North View Fire Department (A Component Unit of North Ogden City) as of and for the year ended June 30, 2006, and have issued our report thereon dated November 22, 2006. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether North View Fire Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered North View Fire Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, Fire Chief, Board of Mayors and oversight awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Crane, Christensen & Ambrose P.C.

November 22, 2006



Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditors' Legal Compliance Report

North View Fire Agency
Formerly North View Fire Department
(A Component Unit of North Ogden City)

We have audited the financial statements of North View Fire Agency formerly North View Fire Department (A Component Unit of North Ogden City) for the year ended June 30, 2006, and have issued our report thereon dated November 22, 2006. As part of our audit, we have audited the Agency's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt
Cash Management
Purchasing Requirements
Other Compliance Requirements

The Agency received the following non-major grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of North View Fire Agency's financial statements.)

EMS Grant (Utah Department of Health, Bureau of Emergency Medical Services)

The management of North View Fire Agency is responsible for the Agency's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, North View Fire Agency complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2006.

Crane, Christensen & Ambrose, P.C.

November 22, 2006



Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

November 22, 2006

Chief Lynn S Froerer and Board of Mayors
North View Fire Department
315 East 2550 North
North Ogden, Utah 84414

We have completed our audit of the Agency's financial statements for the year ended June 30, 2006. We express our sincere appreciation to the Agency's employees for the assistance they so willingly provided during our audit.

As stated in our engagement letter dated June 28, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the Agency's internal control. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Agency during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you. We noted no transactions for which there is a lack of authoritative guidance or consensus.

As a result of observations we made during our field work, we make the following recommendations which we believe will result in additional improvements in the Agency's accounting system and internal controls.

1. We encourage the Agency to review its agreement with First Professional Services Corporation which performs billing and collection services for ambulance services. This review should insure that First Professional Services Corporation has a Fidelity Bond that would cover the Agency. We suggest that reports from the billing service be monitored closely. We recommend procedures to be established to insure that charges for ambulance services are timely billed. We also suggest that accounting for activity reported by the billing service be modified to show a more appropriate revenue and expense reporting.
2. We recommend that the Agency use one system for its Fixed Asset Accounting. This could be accomplished by contracting with North Ogden City to timely process Fixed Asset changes or by acquiring a stand alone Fixed Asset system such as CCH. Quickbooks also includes a system in some of its software. We are also able to provide this service if you desire.
3. We suggest that a reconciliation be prepared at least annually between Medicare wages as reported on its Form 941's with the various payroll expense accounts reported in the Agency's books.
4. We recommend the Agency review the duties of employees involved with accounting and , where practical, provide for segregation of duties.

We stress these comments are made as suggestions for enhancing the Agency's systems and procedures and are not criticisms of your current procedures.

We would be happy to help the Agency in the implementation of any of these suggestions. If you have any questions about our recommendations, please feel free to contact us. We appreciate your cooperation and we look forward to serving you in the future.

Sincerely,

CRANE, CHRISTENSEN & AMBROSE


Kent R. Christensen, CPA